

FILE COPY



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

Carnahan Courthouse Building  
1114 Market St., Room 608  
St. Louis, Missouri 63101  
(314) 622-4723  
Fax: (314) 613-3004

May 18, 2005

James W. Suelmann, Director  
Department of Streets  
1900 Hampton Avenue,  
St. Louis, MO 63139-2988

RE: Follow-up Review of Refuse Division Fiscal Management (Project #2004-F20)

Dear Mr. Suelmann:

We have conducted a limited follow-up review on the Department of Streets-Refuse Division Fiscal Management report issued June 18, 2003. This follow-up review was made under authorization contained in Article XV, Section 2 of the Charter, City of St. Louis, as revised, and conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. A limited follow-up review does not necessarily involve detailed testing or verification, but instead relies on communication with department management and staff, as well as limited observations. The purpose of this follow-up review is to determine the status of the observations made in the report issued June 18, 2003 as of December 2004.

*We determined that the following observations have been resolved:*

1. Opportunity to Enhance Supervisory Reviews (Observation #2, Original Report)

The Refuse Commissioner reviews and signs all reports before they are submitted to granting authorities. We reviewed file copies of the quarterly reports submitted to the granting authority over the last fiscal year and verified the presence of the Refuse Commissioner's signature.

2. Opportunities to Improve Fixed Asset Recordkeeping and Control (Observation #3, Original Report)

- A. The Refuse Division has established independent inventory listings of all their fixed assets and property control items which include the location, description, and identifying number of each asset. Quarterly Fixed Asset Property Listing (FAPL) Reports are compared to the independent inventory listing and appropriate Fixed Asset Management System (FAMS) update forms are submitted as needed.
- B. The Refuse Division FAMS Coordinator has obtained proper ID tags from the City's Multigraph Section and affixed them to all City fixed assets and property control items.

3. Opportunities to Improve Efficiency and Control of Cash Receipt Procedures (Observation #5, Original Report)

A & B.

The Division's Administrative Assistant (not involved in preparing deposits or making cash receipts journal/ ledger entries) now opens the mail, enters any checks into an electronic log; then endorses the checks and forwards them to the Account Clerk for deposit.

C. The Account Clerk II is solely responsible for entering information into the computerized cash receipts journal, thus eliminating the previous duplication of effort.

D. The Clerical Supervisor agrees the cash receipts log to the deposit journal on a weekly basis.

E. The Account Clerk reconciles the deposit journal with the general ledger on a monthly basis.

*We determined that the following observations have been **partially resolved**:*

4. Opportunity to Develop and Implement a Fiscal Policies and Procedures Manual (Observation #6 in Prior Report).

A. Written policies and procedures are in place for payroll and timekeeping functions.

B. Development of written policies and procedures for maintenance of internal fixed asset records and periodic physical inventories had not been completed.

The Refuse Division management indicated these written procedures would be completed and distributed by May 1, 2005.

5. Opportunity to Develop Specific Job Descriptions (Observation #7 in Prior Report).

Specific job descriptions have been completed for the Clerical Supervisor, Account Clerk II, and Deputy Refuse Commissioner. A specific job description for the Refuse Commissioner has not yet been completed. In addition; the Deputy Refuse Commissioner was designated as the primary FAMS Coordinator, according to the Management Response included in the original report; and management's follow-up response indicated certain FAMS duties were still delegated to the division's Route and Safety Coordinator. However, revised job descriptions for the Deputy Refuse Commissioner and the Route and Safety Coordinator that would include the FAMS Coordinator duties were not yet available during our follow-up review. Refuse Division management indicated an estimated completion date of May 1, 2005 for those job descriptions.

6. Opportunities to Improve Controls over Resident Recycling Fees Bank Account and Monitoring of Contractor Billings (Observation #1, Original Report)

As of July 16, 2004, the Refuse Division eliminated use of the lockbox account to cut expenses. (The Recycling Program Manager also indicated the recycling company was actually sole owner of the bank account, so the company owner could have withdrawn funds without City approval.) The Refuse Division declined establishing a Special Fund checking account through the City Treasurers Office due to concerns about possible logistical problems. Participating residents now send their co-pay fee checks for the curbside recycling program directly to the recycling company during the October 15 – November 15 annual enrollment period. The Recycling Program Manager obtains copies of checks and enrollment forms weekly from the recycling company to update the customer database.

After the recycling program year (December 1 – November 30) begins, the contractor initially charges the monthly service fees allowed under the contract times the number of customers to which service was provided, against the balance of prepaid subscriber fees. The contractor provides monthly reports of customer service activity and charges applied against the subscriber fees balance to the Recycling Program Office. After the subscriber fees have been exhausted, the contractor submits monthly invoices to the Recycling Program Office for payment from the grant program funds.

We noted that the instructions given by the Recycling Program Office for subscribers to contact the office:

- about problems related to service,
- to terminate service, or
- to request a refund of the cost-sharing/ enrollment fee

provide some limited assurance that the number of subscribers to whom service was provided will be accurately reported. However, to obtain better assurance, the Refuse Division should also consider initiating some type of periodic customer contact, such as by sending service satisfaction surveys to a random sample of the customers.

The Recycling Program management has agreed to devise a system to perform such random sampling of customer satisfaction.

*We determined that the following observation has **not been resolved**:*

7. Opportunity for Revenue Control Improvement (Observation #4 in Prior Report).

- (1) Management's response in the original report said the Clerical Supervisor would check tickets against the handwritten log of scrap metal sales load weight invoices prepared by a weight scale clerk and verified for completeness by the

clerk's supervising Labor Foreman II. However, the Refuse Division had no documentation available that these control procedures had been performed. (e.g., reviewer's initials and date of review on copies of the invoice log)

- (2) The Refuse Division indicated all outstanding invoices are followed up. However, we noted no written documentation of a systematic identification of such invoices. Such documentation could consist of notations next to the applicable numbers on the office copies of the invoice log, or a separate listing (preferably automated) of the outstanding invoices. The records kept for outstanding invoices should include:

- the approximate amount due, based on the weight per invoice times the applicable price on the date of the invoice.
- when payment for an invoice is received, the date and amount of that payment.
- an explanation, or reference to explanatory information, for any issued invoice for which no payment is expected, or invoice for which the amount received is significantly different from the approximated amount due.

Management declined the offer of an exit conference. Management provided written responses to us on January 26 and March 2, 2005, and those responses have been attached to this letter.

If you have any questions, please contact me at (314) 613-7410.

Respectfully,



Mohammad H. Adil, CPA  
Internal Audit Manager

cc: Honorable Darlene Green, Comptroller  
Nicholas Yung, Refuse Commissioner  
Rita Kirkland, Director of Operations, Office of the Mayor

attachment



Francis G. Slay, Mayor

City of St. Louis  
DEPARTMENT OF STREETS  
REFUSE DIVISION  
4100 South First Street  
St. Louis, Missouri 63118  
314/353-8877  
FAX: 314/352-5627



James Suelmann, Director of Streets  
Nicholas Yung, Commissioner of Refuse

## MEMORANDUM

**TO:** Don Curby  
**FROM:** Randy Breitenfeld *RB*  
**DATE:** January 26, 2005  
**SUBJECT:** *Project #2004-F20*

---

Don,

- Item #4 - Updated and included.
- Item #5 - Will have completed job descriptions for Route Safety Coordinator and Refuse Commissioner to you at a future date.

Also, FAMS duties have been added to Deputy Refuse Commissioner's job description.

- Item #6 - Included for your review.
- Item #7 - Per Gerard Helm, Account Clerk II, currently there is no beneficial way to share data via computer.

Please call me if you have any questions or concerns. Thank you.

RB:pc  
cc: Nick Yung

**From:** Randy Breitenfeld  
**To:** Don Curby  
**Date:** 3/2/2005 10:01:36 AM  
**Subject:** Re: Report Letter Draft - Refuse Div. Fiscal Mgmt. Follow-up (revised)

May 1, 2005 is the completion date agreed upon.  
Thanks

>>> Don Curby 3/1/2005 10:52:32 AM >>>

Attached is a draft copy of the revised report to which we will attach your January 26 responses, plus today's e-mail reply giving your expected completion dates for the unresolved items. Please call me if you have any questions?